

31A-22-517 Conversion on termination of eligibility.

- (1) A person is entitled to be issued by an insurer, without evidence of insurability, an individual policy of life insurance without accident and health or other supplementary benefits, if:
 - (a) any portion of insurance on a person covered by a policy ceases because of:
 - (i) termination of employment; or
 - (ii) termination of membership in the classes eligible for coverage;
 - (b) an application for the individual policy is made; and
 - (c) the first premium is paid to the insurer within 31 days after the termination described in Subsection (1)(a).
- (2) The individual policy described in Subsection (1) shall, at the option of the person entitled to the policy, be on any form then customarily provided by the insurer at the age and for the amount applied for, except that the group policy may exclude the option to elect:
 - (a) term insurance; or
 - (b) flexible premium insurance.
- (3)
 - (a) The individual policy described in Subsection (1) shall be for an amount equal to or, at the election of the person entitled, less than the life insurance that ceases because of the termination, less the amount of any group life insurance for which the person is eligible within 30 days after the termination.
 - (b) Any amount of insurance that matures on or before the termination, as an endowment payable to the person insured, is not included in the amount that is considered to cease because of the termination whether the endowment payment is in:
 - (i) one sum;
 - (ii) installments; or
 - (iii) the form of an annuity.
- (4) The premium on the individual policy described in Subsection (1) shall be at the insurer's customary rate at the time of termination, which is applicable to:
 - (a) the form and amount of the individual policy;
 - (b) the class of risk to which the person belonged when terminated from the group policy; and
 - (c) the age attained on the effective date of the individual policy.
- (5) Subject to the conditions of this section, the conversion privilege described in this section is available:
 - (a) to a surviving dependent, if any, at the death of the employee or member, with respect to the survivor's coverage under the group policy that terminates by reason of the death; and
 - (b) to the dependent of the employee or member upon termination of coverage of the dependent, while the employee or member remains insured, because the dependent ceases to be a qualified dependent under the group policy.

Amended by Chapter 175, 2006 General Session